

~~RESTRICTED~~

25X1A2g

0004-3

CENTRAL INTELLIGENCE GROUP

INTELLIGENCE REPORT

~~CONFIDENTIAL~~

COUNTRY China

DATE: 25X1A6a

INFO.

SUBJECT Economic Information: Problems of American Film
Distribution Agencies

DIST. 24 October 1946

25X1A6a

PAGES 1

SUPPLEMENT

ORIGIN

25X1X6

This document is hereby reg aded to
CONFIDENTIAL in accordance with the
letter of 16 October 1973 from the
Director of Central Intelligence to the

1. The future of the American film distribution business in China is very uncertain. If the present difficulties harassing this industry are not lessened soon, the large distribution agencies will have to discontinue operations. If this occurs, American films will have to enter China through the black market.
2. The Chinese Bureau of Information has set up film importation quotas for each branch office of the various foreign film industries. The quota for the Tientsin branch of 20th Century Fox has been set at 22 films per year, but the license is granted only quarterly in order to give the Chinese authorities a ready method of reducing the quota if more Chinese films become available. Present contracts between 20th Century Fox and Tientsin theater managers require the use of at least 60 films.
3. The 20th Century Fox branch office has more than 70,000,000 CNC deposited at the Tientsin branch of the National City Bank of New York. Under present regulations the firm is not permitted to transfer any of this money to the United States for the initial cost of preparing the films and shipping them to China. In order to supply China with films, therefore, the home office has to make up the loss from profits derived from other sources. The 70,000,000 CNC held in the Tientsin Bank draws very little interest, and most of it was deposited before the exchange rate reached its present high level. Source believes that the exchange rate will go still higher, which of course means that the money will be further devaluated. This Tientsin deposit is very small compared with the amount the firm has on deposit in Shanghai banks, where the figure runs into billions. Source has been told that MGM intends to use some of its profits, which have been held in the same way, to build a large theater in Shanghai.
4. Chinese officials and military men are admitted free to all but one of the theaters in Tientsin. This is a very unsatisfactory situation, as free admissions take 40% of the seating capacity of Tientsin theaters, while paying customers have to stand and wait. Negotiations are being carried on between the theater interests and the Bureau of Information in an attempt to prevent this serious loss of revenue.

Note: The Tientsin Ta Kung Pao, dated 23 September 1946, stated missions are to be discontinued except for Sunday mornings.)

~~CONFIDENTIAL~~

ASO	A DEP. X	FBT	SPDF	TO
DADS	FBK	FBV	SPDS	B DEP.
EXEC.	FBP	FBZ	SCO	CTR
CONTROL	FBM	SPDA	TRB	
PLANS	FBF			

Approved For Release 1999/09/08 : CIA-RDP82-00457R000100070004-3